

Message Text

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ACTION EUR-12

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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7579
INFO ALL EC CAPITALS
AMEMBASSY ATHENS

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C O R R E C T E D C O P Y - LINE OMMITED IN PARA 4

E.O. 11652: N/A
TAGS: EEC, GR, ECIN
SUBJ: EC/GREECE ACCESSION NEGOTIATIONS -- MINISTERIAL
SESSION, JUNE 26, 1978

1. SUMMARY: THE SEVENTH MINISTERIAL SESSION EFF THE
EC-GREECE ACCESSION NEGOTIATIONS RESULTED IN AGREEMENT ON
THE EURATOM AND CAPITAL MOVEMENT FILES AND NEARLY COMPLETE
AGREEMENT ON ECSC ISSUES. GREEK NEGOTIATORS WERE ALSO
INFORMED OF BASIC PROCEDURES FOR EC-9 POLITICAL COOPERA-
TION. NO DATE WAS SET FOR THE NEXT MINISTERIAL MEETING,
BUT THE JULY 27 SESSION OF DEPUTY NEGOTIATORS IS
SCHEDULED TO CONTINUE WORK ON THE ECSC FILE AND BEGIN
DISCUSSION OF AGRICULTURAL ISSUES. ALTHOUGH SUBSTANTIAL
PROGRESS HAS BEEN MADE IN THE NEGOTIATIONS, THERE STILL
REMAIN SOME OUTSTANDING ISSUES, SPECIFICALLY IN THE EX-
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TERNAL RELATIONS SECTOR. END SUMMARY.

2. ACCORDING TO EC COMMISSION AND MEMBER STATE PREMREP
SOURCES, THE TWO SIDES REACHED QUICK AGREEMENT ON THE
EURATOM FILE, WHICH WAS, IN ANY CASE, NOT A CONTENTIOUS
POINT IN NEGOTIATIONS. THERE WAS ALSO SUBSTANTIAL PRO-
GRESS ON THE ECSC FILE, WITH ONLY THE QUESTION OF SCRAP

IRON LEFT UNRESOLVED WHERE THE EC IS INSISTING ON BEING ABLE TO CONTROL EXPORTS OF SCRAP TO GREECE. DEPUTY NEGOTIATORS ARE TO RETURN TO THIS POINT JULY 27, IN AN ATTEMPT TO BRIDGE DIFFERENCES OVER EC INSISTENCE ON A SAFEGUARD CLAUSE. THE MINISTERS DID AGREE THAT THE INITIAL GREEK CONTRIBUTION TO THE ECSC BUDGET SHOULD BE 3 MILLION UNITS OF ACCOUNT (APPROX \$3.7 MILLION) AND THAT THE TRANSITION PERIOD FOR ALIGNMENT OF EXTERNAL TARIFFS ON ECSC PRODUCTS SHOULD BE THE SAME AS THAT FOR ALIGNING COMMON TARIFFS ON INDUSTRIAL PRODUCTS (DURATION TO BE FIXED LATER ON IN NEGOTIATIONS) BUT WITH A GRACE PERIOD FOR THE IMPLEMENTATION OF THE FIRST ADJUSTMENT. GREEK NEGOTIATORS INSISTED, DURING ECSC DISCUSSIONS, THAT THEIR STEEL INDUSTRY SHOULD BE ALLOWED TO DEVELOP AND EXPAND, BUT ACKNOWLEDGED THAT THERE MIGHT BE A REQUIREMENT FOR PARTIAL RESTRUCTURING.

3. THE MINISTERS FURTHER AGREED THAT THERE SHOULD BE TOTAL FREEDOM OF CAPITAL MOVEMENTS, IMMEDIATELY UPON ACCESSION, FOR INVESTMENTS MADE AFTER JUNE 12, 1975 (THE DATE OF THE GREEK APPLICATION FOR EC MEMBERSHIP), WHILE THERE SHOULD BE A TEMPORARY DEROGATION (WHICH THE GREEKS WOULD LIKE TO BE 5 YEARS) FOR INVESTMENTS MADE BEFORE THAT DATE. THE LENGTH OF THAT DEROGATION IS TO BE FIXED AT THE SAME TIME THAT A DECISION IS TAKEN ON THE TRANSITION PERIOD, ALTHOUGH IT WAS AGREED THESE PERIODS MIGHT LIMITED OFFICIAL USE

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NOT NECESSARILY COINCIDE.

4. ALTHOUGH AGRICULTURAL ISSUES WERE NOT FORMALLY DISCUSSED, GREEK FOREIGN MINISTER RALLIS DID EXPRESS CONCERN OVER SLOW PROGRESS ON THAT FILE AND SAID HE HOPED ALL COMMISSION AGRICULTURAL PROPOSALS WOULD BE AVAILABLE BY THE END OF JULY, SO THAT THEY MIGHT BE STUDIED DURING AUGUST. EC COMMISSIONER NATALI REPLIED THAT PROGRESS HAS BEEN MADE ON ABOUT HALF THE AGRICULTURAL ISSUES AND GAVE THE FOLLOWING PROGRESS REPORT:

-- COMMISSION PROPOSALS ON SUGAR, FATS, EGGS, AND POULTRY HAVE ALREADY GONE TO THE COUNCIL.

-- COMMISSION/GREEK DISCUSSIONS HAVE BEEN HELD ON CEREALS, FRUIT, VEGETABLES, TOBACCO, AND FLOWERS; THE COMMISSION HOPES TO SUBMIT PROPOSALS TO THE COUNCIL BEFORE JULY 27 COUNCIL MEETING.

-- COMMISSION/GREEK DISCUSSIONS ON RICE, BEEF, AND PORK WILL BE HELD IN MID-JULY, AND THE COMMISSION WILL SUBMIT PROPOSALS TO THE COUNCIL AS SOON AS POSSIBLE THEREAFTER.

-- WINE, MILK, FISH, FLAX, HEMP, SILKWORM, FODDER AND HARMONIZATION OF AGRICULTURAL LEGISLATION REMAIN TO

BE DEALT WITH. COMMISSION OFFICIAL LATER TOLD MISSION OFFICER THAT THE AGRICULTURAL CHAPTER WILL FOLLOW THE SAME APPROACH AS THAT UNDERTAKEN DURING THE FIRST COMMUNITY ENLARGEMENT, WHEREBY THERE WILL BE GRADUAL ASSIMILATION OF THE DIFFERENT AGRICULTURAL SECTORS OVER A TRANSITION PERIOD, WHICH THIS TIME, HOWEVER, IS LIKELY TO BE MORE THAN FIVE YEARS (NO TIME HAS BEEN SPECIFIED YET, HOWEVER). THE EC PROPOSAL FOR GREECE WILL DIFFER FROM THAT OF THE FIRST ENLARGEMENT IN THAT MARKET ORGANIZATIONS WILL BE INSTITUTED AT THE OUTSET OF ACCESSION. COMMISSION OFFICIAL NOTED THAT RAPID COUNCIL APPROVAL OF THOSE COMMISSION PROPOSALS ON AGRICULTURE WHICH HAVE ALREADY BEEN SUBMITTED MAY PROVE DIFFICULT BECAUSE OF FRENCH AND ITALIAN CONCERNS IN THIS AREA. HE ANTICIPATED, LIMITED OFFICIAL USE

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THEREFORE, THAT THE EC-GREEK NEGOTIATIONS ON THIS CHAPTER MAY NOT BEGIN BEFORE SEPTEMBER AND THAT THEY WILL BE PROTRACTED, ALTHOUGH POSSIBLY FINISHED BY CHRISTMAS.

5. FINALLY, THE EC FORMALLY PRESENTED GREEKS WITH BASIC DOCUMENTS ON THE POLITICAL COOPERATION PROCESS. IT WAS AGREED THAT, DURING THE COURSE OF NEGOTIATIONS, GREEKS WOULD BE KEPT INFORMED OF EC-9 POLITICAL COOPERATION ACTIVITY, WHILE THEY WOULD BE CONSULTED AND HAVE THE

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ACTION EUR-12

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RIGHT TO EXPRESS VIEWS ON POLITICAL COOPERATION ISSUES AFTER SIGNATURE OF AN ACCESSION TREATY, PRELIMINARY TO FULL PARTICIPATION IN THE PROCESS UPON ASSUMPTION OF EC MEMBERSHIP. AS A FIRST STEP, DANISH FOREIGN MINISTER ANDERSEN (COUNCIL PRESIDENT) BRIEFED GREEK NEGOTIATORS ON THE RESULTS OF THE JUNE 12 POLITICAL COOPERATION MINISTERIAL MEETING IN COPENHAGEN. THE NEXT SUCH BRIEFING WILL TAKE PLACE FOLLOWING THE SEPTEMBER 12 POLITICAL COOPERATION MINISTERIAL.

6. IN POST-MEETING REMARKS TO THE PRESS, RALLIS PRO-
NOUNCED HIMSELF PLEASED WITH THE OVERALL PACE OF NEGOTIA-
TIONS. HE EXPRESSED HOPE THAT ALL FILES COULD BE STUDIED
BY THE END OF SEPTEMBER, WITH A VIEW TO COMPLETING
NEGOTIATIONS BY THE END OF THE YEAR, AND MOVING TO
FULL MEMBERSHIP BY 1980.

7. THE EXTERNAL RELATIONS CHAPTER OF THE EC-GREECE
ACCESSION NEGOTIATIONS REMAINS THE ONLY SECTOR CURRENTLY
UNDER DISCUSSION IN WHICH SOME MAJOR OUTSTANDING ISSUES
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REMAIN TO BE RESOLVED. COMMISSION SOURCE SAID THAT SUB-
STANTIAL PROGRESS HAS BEEN MADE IN THIS SECTOR,
PARTICULARLY IN ACHIEVING AGREEMENT ON A COMMON ALIGNMENT
OF TARIFFS FOR GATT, STATE-TRADING AND THIRD COUNTRIES.
HOWEVER, DIFFICULTIES STILL REMAIN CONCERNING THE COM-
MUNITY'S INSISTENCE ON GREECE'S IMMEDIATE DISMANTLEMENT,
AT THE TIME OF ACCESSION, OF TARIFFS ON NON-SENSITIVE
PRODUCTS (I.E., "FIRST LIST" WHICH PROVIDES FOR A 12-YEAR
REDUCTION SCHEDULE) FROM COUNTRIES HAVING PREFERENTIAL
AGREEMENTS WITH THE EC. AN ADDITIONAL PROBLEM IS THE
GREEK DESIRE TO IMPOSE FOR AN INITIAL PERIOD FOLLOWING
ACCESSION QUANTITATIVE RESTRICTIONS ON IMPORTS OF SUCH
PRODUCTS. SOURCE NOTED THAT THE GAP ON QUANTITATIVE
RESTRICTIONS HAS BEEN NARROWED BUT THAT THE GREEK SIDE IS
STILL RESISTING TOTAL TARIFF DISMANTLEMENT ON NON-SENSI-
TIVE PRODUCTS UPON ACCESSION FOR FEAR OF LOSING CUSTOMS
REVENUE (WHICH IN ANY CASE WOULD REVERT TO THE EC BUDGET
AFTER ACCESSION). SOURCE SAID THAT NO AGREEMENT IN THE
TEXTILE SECTOR HAS YET BEEN ACHIEVED BECAUSE OF THE
PROBLEM OF WORKING OUT MODALITIES FOR BRINGING GREECE INTO
THE MFA AND DETERMINING WHAT TYPE OF QUANTITATIVE RE-
STRICTIONS ON THIRD COUNTRY EXPORTS SHOULD BE IMPOSED IN
ORDER TO PROTECT GREEK TEXTILES DURING A TRANSITION
PERIOD. SOURCE WAS HOPEFUL THAT THESE ISSUES WOULD BE

RESOLVED BEFORE THE AUGUST BREAK. WHEN ASKED WHETHER THE
ACCESSION NEGOTIATIONS WILL CONCLUDE BY THE END OF THE
YEAR, SOURCE FELT THAT IT WAS POSSIBLE BUT NOTED THAT THIS
DEPENDS ON THE OUTCOME OF THE AGRICULTURAL DISCUSSIONS.

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HE FURTHER POINTED OUT THAT THE EC AND GREEK DELEGATIONS
HAVE YET TO DISCUSS REGIONAL AND SOCIAL POLICY, RIGHT OF
ESTABLISHMENT, ECONOMY AND FINANCE WHICH HE SAID SHOULD
NOT POSE ANY MAJOR PROBLEMS AND WILL LARGELY BE TAKEN UP
EARLY IN THE FALL, WITH ONE OR TWO ITEMS BEING HANDLED
BEFORE THE SUMMER BREAK. MOREOVER, HE SAID THAT DIS-
CUSSIONS ON SPECIFIC PERIODS FOR TRANSITION IN THE
VARIOUS SECTORS WOULD NOT BEGIN UNTIL THE AGRICULTURAL
CHAPTER OF THE NEGOTIATIONS IS WELL IN TRAIN. HE OBSERVED
THAT THE COMMISSION IS PRESENTLY EXAMINING THE WHOLE
QUESTION OF TRANSITION AND THERE IS A GENERAL INCLINATION
FOR A MORE THAN 5-YEAR PERIOD, AS SUGGESTED BY GREECE, FOR
THE INDUSTRIAL AND SOME OTHER SECTORS. HINTON

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